C3435-1

Special focus: Press and production

Folio:

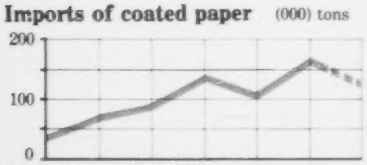
AUGUST 1985 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.00

Print 85 report

Pre-press equipment changing rapidly

Typesetting, pagination and image processing equipment introduced at this key exhibition is easier to use, less expensive than earlier models, and more accessible. Consultant Jack Powers compares your new options. **85**

Imports of coated paper (000) tons



Source: American Paper Institute

Foreign paper here to stay

Contracts, reliability and long-term attitude by foreign paper mills have helped them secure a foothold in the U.S. market. **21**

Cosmopolitan's Helen Gurley Brown tells all

The famous editor reveals how she's kept the magazine fresh and sassy for two decades. **73**

Are women better at ad sales?

Many strong opinions are expressed by women and men in management and in the sales force as to women's strengths and weaknesses on the job. **112**

Early postal rate hike possible

In first year of rate cycle when the USPS should be "flush with cash," postmaster says it is looking at possible half-billion-dollar deficit. Earlier-than-usual rate hikes may be needed to meet spiraling operating costs. **44**

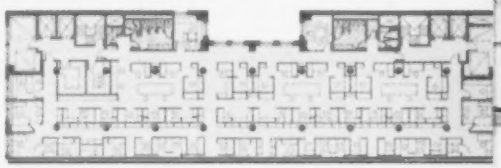
August 1985

How should you purchase your paper? 96

You can buy paper from your printer, from a merchant or from a mill; or you can buy some from each. Explore the pros and cons of buying from each source.

Designing the publishing office 103

Publishers from four magazine publishing companies and their architects explain how they planned productive and pleasing work environments.



Private publication of NASA journal opposed 32

Deal saves Government money, but legality is disputed. This trailblazing effort, if successful, could open up big opportunities for private publishing firms.

Reader's Digest lifts veil of secrecy 21

After 63 years of secrecy about its operations, RDA reveals worldwide empire yields $1.3 billion net annually, ranks 10th largest among U.S. private companies.

Supreme Court narrows 'fair use' 24

Recent decision that *The Nation* infringed the copyright on former President Ford's memoirs has more specifically defined the boundaries of "fair use."

UPDATE

Redesigns fashionable; TV's impact, economy cited. 23

Expect magazine mergers, acquisitions to continue. 26

Lack of market analysis: Acquisition pitfall #1. 34

6% hike in magazine paper use expected in '85–'86. 36

Videos: A natural magazine spin-off. 38

Effort to boost international advertising underway. 46

COLUMNISTS

An interface program, by Jeff Parnau. 127

Making your promotion ads pay, by Walter Joyce. 133

***Vanity Fair*:** In search of the right image, by John Peter. 137

The danger of exception reports, by Ron Scott. 141

Profiting with small circulation, by Bob Abramson. 147

Training the salesperson, by William Abbott. 152

The special challenge of marketing to special-interest readers, by Eliot Schein. 154

DEPARTMENTS

Briefings 9
Hanson on Magazines 13
Letters 16
Update 21
Magazine Watch 57
Calendar 68
Magazine People 73
Workshop 120
Classified 159
Point of View 172

do a thorough job on some of your other assumptions."

Other mistakes frequently made in assessing the advertising potential of an acquisition property, according to Sarbin:

•Being too easy going about challenging the assumptions presented in a black book. Plausible as the projected ad linage, rates and revenues may look, the document has, "nine times out of 10," been prepared by someone with a special interest in making the sale, and has been examined by someone in the potential buyer's organization who has "fallen in love" with the project, noted Sarbin. "It pays, as a matter of discipline, to challenge the principal assertions," he said.

"There is another side to the matter of assumptions which is worth noting," he added. "Sometimes, people right at the top, having achieved the kind of success that gives them confidence and control over the financial resources needed to acquire, will operate from their own assumptions. 'That's the way we've always done it' and 'That's what works for us' sometimes get in the way of an objective examination of an acquisition proposal."

•Insensitivity to differences in style between the buyer's and seller's organization. "Without a sense of fit, of accommodation of styles, one could be buying problems rather than profits," Sarbin warned. If the company being acquired is very successful, this may mean asking whether your company can adjust to *it*, rather than vice versa, he pointed out.

•Too much emphasis on ratios, or industry relationships between revenue and the cost of some components of the ad sales system. Money spent on market and media research by a particular company, for example, must be looked at in relation to its own revenues and profits.

•Too much emphasis on trying to cut corners. "Too often, I believe, we approach the advertising, promotion, research, market services and public relations functions saying, 'Where can we save money' and 'Where can we cut?' " he said. "It's fine to ask the question, but more often than not, in my experience, the prior owner has *underspent* in these areas. And the new owner needs to make an investment up front on research and promotion to give added support to the sales team.

"Building an image, standing out from the crowd, carving out a position that gives Madison Avenue a warm and positive feeling about your magazine, cannot be done with a mindset that says, 'Let's cut,' " Sarbin emphasized.□

6% hike in paper use expected in '85-'86

MPA survey also finds that 94% of respondents have at least normal inventory

New York City—Consumer magazine publishers are expected to increase their paper use by 2.3 percent this year, as compared with 1984, and by 3.9 percent in 1986 over 1985's, according to a Magazine Publishers Association survey of its members. In total, the 99 responding publishers will be using 6.3 percent more paper in

Consumer magazine paper use, by basis weight

Basis weights in lbs.	1984	1985	1986
34 and below	34.5%	34.8%	35.2%
36	15.3	13.5	13.5
38	3.2	5.8	4.6
40	24.5	24.8	25.8
43-50	12.0	10.4	10.1
60+	10.5	10.7	10.8
Total	100.0%	100.0%	100.0%

Source: 1985 MPA paper survey, based on responses from 99 magazine publishers

***Thirty-four pound and below** basis weight papers continue to be those most favored by consumer magazines, although 40 pound papers also account for a large and growing share of this market.*

Consumer magazine paper use, by grade

	1984 Actual	1985 Projected	% Change vs. 1984	1986 Projected	% Change vs. 1985
Coated groundwood	1,146,849 tons	1,165,261 tons	+ 1.6	1,224,286 tons	+ 5.1
Coated free	134,259	147,001	+ 9.5	149,685	+ 1.8
Uncoated groundwood	210,194	215,574	+ 2.6	221,078	+ 2.6
Uncoated free	18,547	18,112	- 2.3	19,043	+ 5.1
Imports	67,406	67,459	—	62,334	- 7.6
Total tonnage	1,577,255	1,613,407	+ 2.3	1,676,426	+ 3.9

Source: 1985 MPA paper survey, based on responses from 99 magazine publishers

***Coated groundwood** is still far and away the grade of paper most used by consumer magazine publishers, representing 73 percent of total tonnage expected to be used between 1984 and 1986. Use of coated free sheet will increase considerably during 1985, according to surveyed publishers, but will show slower growth in 1986.*

1986 than they did in 1984, this survey indicates.

It also found that 81 percent of respondents currently have what they consider a normal amount of paper inventory, 13 percent had more than normal, and 6 percent, less. In sharp contrast, in 1984, only 64 percent of publishers reported that they had a normal inventory of paper, 4 percent responded they had more than normal, and a full 32 percent stated inventory was below normal.

The 99 respondents (210 publishers were asked to participate) included all of the biggest magazine paper users, according to an MPA spokesperson, who notes that most had answered by mid-March. MPA sent questionnaires to all its members as well as to *TV Guide* and *National Geographic*—two nonmembers that use particularly large amounts of paper.

Among the survey's other findings:

•Coated groundwood continues to be the predominant grade of paper among magazine publishers, accounting for 73 percent of the total tonnage expected to be used from 1984 to 1986. Survey participants indicated they would use 1.6 percent more coated groundwood in 1985 as compared to 1984, and 5.1 percent more in 1986 than in 1985.

•There will be little shift in basis weights used over the period 1984 to 1986. Thirty-four pound and lighter paper remains predominant (accounting for 34.8 percent of total tonnage used this year), followed by 40 pound (accounting for 24.8 percent).

•In 1985, 71.4 percent of total tonnage ran on offset presses while 28.3 percent ran on gravure presses; and a statistically insignificant amount ran on letterpress. Little change is expected in 1986.

•Imported paper accounted for 4.3 percent of total usage in 1984 and is expected to account for 4.2 percent in 1985 and 3.7 percent in 1986. (See related Update, page 21, this issue.)□

Hearst reorganizes

Hearst has split its magazine division into two groups, and has placed an executive vice president at the helm of each group.

K. Robert Brink, who had been general manager of the New York City-

INTACT 50:

It's the only system you need for advertising management

A system so comprehensive, the publishers of Trailer Life use it to write, track and bill for ads in all 11 of their publications; INTACT 50 saved them more than $100,000 in the first year of use. A system so convenient, it easily handles multiple rate cards, multiple publications — on-line for immediate reference — fully integrated with your financial system. So you always know right where you stand.

DB COMPUTING
INTERACTIVE MINICOMPUTER SYSTEMS AND SERVICES
(313) 973-1900
Dept. Fn, 1100 Eisenhower Place, Ann Arbor, MI 48104

Johnson & Hayward

NEW YORK (212) 675-4250
TOLL FREE (800) 521-0080

DOMESTIC/INTERNATIONAL
MAIL MARKETING
& DISTRIBUTION

• Tabloids • Magazines
• Newspapers • Booklets
• Circulars
• Mailers

at HUGE SAVINGS!

Superb, Top Quality
WEB-OFFSET PRINTING

Prime black and 4-color printing on everything from newsprint to 50 lb. offset. Up to 96 pgs. tabloid per signature. Beautiful spot color.

On-Line Computer Typesetting & Nationwide Instant Mailing

Complete typesetting, binding & mailing services. Rapid turnaround time (we set, print & mail daily newspapers!)

Marvelous references! Wonderful service!

Des Plaines Publishing Co.

1000 Executive Way, Des Plaines, IL 60018
(9 minutes from Chicago's O'Hare Airport)

Call Norm Hirsch for fast quote (312) 824-1111

ing information on each interactive layout system.

Four 11" x 17" fold-out comparison charts provide more than 30 significant layout system characteristics such as available models, prices, input and commands accepted and output interfaces. The 8½" x 11" book is plastic spiral-bound, designed to lie flat while being read and costs $25 (prepaid). Orders and requests for additional information should be addressed to Durbin Associates, 3711 Southwood Drive, Easton, Pa. 18042; telephone 215-252-6331.□

For-profits benefiting from nonprofit postage breaks

$705,000 in postage saved on one insurance promotion mailed by nonprofit group, GAO study finds

Washington, D.C.—As Congress debates the future of the Federal revenue-foregone subsidy for the preferred mailers, a recently released General Accounting Office (GAO) study has found that postage discounts designed to benefit nonprofit organizations are being used by for-profit companies that link up with nonprofit groups. Products that have been sold through such arrangements include insurance, seminars and commemorative clocks and watches.

In one case cited by GAO, a nonprofit organization sold insurance underwritten by a private insurance company. A total of $705,000 was saved in one year by using a nonprofit mailing permit on the third class solicitations. Although GAO said that such uses of nonprofit permits technically do not violate postal regulations, it also found that they constitute "a significant competitive advantage to the users."

The study was undertaken at the request of Rep. William Dannemeyer and former representative Tom Corcoran. When the request was made early in 1984, both Congressmen were members of the House Committee on Post Office and Civil Service.

Loophole in regulation

The GAO study reports that, according to the Postal Service's rules, an organization authorized to mail at the preferred rate may mail only its own matter at those rates. This prohibition, however, does not preclude the mailing of matter which can produce benefits for both the nonprofit group and a profit-making organization.

The report details several cases wherein nonprofit organizations entered into the agreements with for-profit companies. This resulted in large quantities of commercial-type promotional material being mailed at discount rates. Financial arrangements differed, but in each case both the nonprofit group and the for-profit company shared in the proceeds.

Nonprofit groups involved included a university, a business school, an alumni association and an educational and philanthropic association.

Stating that the cited cases were only examples of what others were also doing, GAO officials would identify neither the nonprofit groups nor the companies with which they worked.

In the insurance solicitation, mailings made by a nonprofit group to solicit members also offered members health insurance underwritten by a private company. Millions of pieces of such material were mailed at the nonprofit rate. Applications for insurance were mailed back to the association. The association, according to its lawyer, received an administrative fee for processing the applications. At one point the Postal Service revoked the association's authorization to mail at nonprofit rates. But the association appealed in court, and the Postal Service eventually backed down.

Although no estimate is given as to how much of the revenue-foregone subsidy is spent on such nonprofit/profit mailings, the GAO notes that $511 million of the 1985 revenue-foregone appropriation of $801 was spent on third class nonprofit mail.□

Breakdown of current revenue-foregone appropriation, fiscal 1985

($ millions)

Second class:	
In-county	$72
Nonprofit	59
Classroom	5
Regular-rate	18
Third-class:	
Nonprofit	511
Fourth class:	
Library	50
Free for blind, etc.	34
Reconciling adjustment:	52

Source: General Accounting Office

Weighted to third class nonprofits: *Currently, about 70 percent of the total $801 million revenue-foregone postal appropriation is used to subsidize third class nonprofit mail. A General Accounting Office study recently found that some nonprofit mailers have joined with for-profit firms to send commercial promotions at nonprofit rates.*

Wrapping pallets no longer necessary

Switch to pref network reduces likelihood of damaged magazines

Des Moines, Iowa—Publishers can save some money on preparation of magazine pallets, now that magazines are no longer "worked over" by the brutal automated handling in bulk mail centers (BMCs).

Before the switch over to the preferential mail network earlier this year, the Postal Service required that palletized magazines be bound both with straps and shrink plastic to reduce the chance of damage during handling in BMCs, explains James W. Schemmel, a director of distribution for Communication Data Services, a fulfillment company. Now, however, bundles on state distribution pallets being sent through the pref network never have to go through a BMC, says Schemmel, who chaired a session on second class

88% of monthlies delivered late

Publication delivery box score: Monthly second class publications January-March 1985

City	Better than USPS service standard	Service standard	1-3 days late	4-6 days late	7-10 days late	Later
Composite average*	5%	7%	36%	28%	15%	9%
Boston (Area 021)	3	9	39	21	23	5
Boston (Area 022)	14	29	14	14	0	29
New York (Area 100)	0	0	20	40	30	10
Buffalo	2	6	47	14	24	6
Pittsburgh	1	0	36	29	22	12
Philadelphia	2	6	15	29	29	19
Washington, D.C.	11	4	30	26	22	7
Atlanta	8	10	28	23	21	10
Miami	14	15	39	23	6	3
Memphis	6	2	22	33	27	10
Cincinnati	8	13	28	34	10	7
Detroit	4	0	22	44	20	10
Milwaukee	4	0	15	63	13	5
Minneapolis	3	2	46	28	15	6
Chicago	2	4	32	41	11	10
New Orleans	0	0	24	40	18	18
Dallas	5	11	42	25	10	7
Houston (Area 770)	7	12	47	20	10	4
Denver	7	6	36	21	21	9
Salt Lake City	4	8	38	38	12	0
Los Angeles	1	2	40	24	24	13
San Francisco	10	12	32	26	14	6
Seattle	3	11	41	33	5	7

*Including other U. S. cities and SCFs not listed
Source: Red Tag News Publications, Inc.

The percentage of monthly second class publications delivered on time or sooner, decreased during the first quarter of 1985, the third consecutive quarter in which delivery statistics have shown a decline in service, according to the Red Tag News Publications Association. But, an association executive notes that while service is poor, some or all of the apparent decline compared to previous quarters may be due to the fact that the parameters used to analyze statistics have changed. Since all second class publications are now in the surface preferential mail network, delivery standards are stricter.

Statistics gathered by Red Tag show that in the first quarter of 1985 only 12 percent of monitored monthly publications were delivered on time (service standard) or sooner (better than service standard). Throughout the fourth quarter of 1984, 24 percent of the monthlies were delivered on time or sooner. During the third quarter and second quarter, 28 percent and 43 percent, respectively, received delivery service that met or exceeded standards.

Frank Strupeck, the general manager for Red Tag News Publications, explains that the association's monitoring system judges delivery against the applicable Postal Service standards. During 1984, as monthlies gradually shifted from the ordinary second class system into the faster pref network, the delivery standards against which they were judged grew stricter.

As of January 1, 1985, however, all monthlies were permanently part of the pref network. Quarter to quarter comparisons of delivery statistics, he says, will again be possible when second quarter of 1985 figures are ready.

Strupeck comments that he doesn't know how the second quarter will shape up for monthlies. He does note, however, that delivery of weeklies and dailies, which Red Tag analyzes on a monthly basis, has improved during the first months of 1985. In January, only 28 percent of the weeklies were delivered on time or sooner. In April, 42 percent were delivered on time or sooner.